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BEFORE THE ARIZONA CORPORATION COMMISSION 7006 JUN 22 A 8: 54

KRISTIN K. MAYES COMMISSIONER

AZ CORP COMMISSION DOCUMENT CONTROL

WILLIAM A. MUNDELL COMMISSIONER

JEFF HATCH-MILLER CHAIRMAN

MIKE GLEASON COMMISSIONER

MARC SPITZER COMMISSIONER

IN THE MATTER OF THE APPLICATION)
OF GOODMAN WATER COMPANY,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN
ITS RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON

No. W-02500A-06-0281

NOTICE OF FILING OF APPLICANT'S AMENDED EXHIBITS

On May 26, 2006, the Applicant in this matter was mailed a Notice of Deficiency, listing additional and/or revised information requested by Commission Staff. On June 10, 2006, via electronic mail, the Applicant's rate consultant, Mr. Thomas Bourassa, filed the attached correspondence with Mr. Charles Myhlhousen of the Utilities Division in response to the staff inquiries. This filing is made with Docket Control solely for purposes of providing Docket Control with a copy of the Applicant's response.

RESPECTFULLY SUBMITTED this 20th day of June, 2006.

LEWIS AND ROCA

Michael F. McNülty
Lewis and Roca, LLP
One South Church Avenue, Suite 700
Tucson, Arizona 85701-1611
Attorneys for Goodman Water Company

2728



By:

ORIGINAL AND sixteen (16) copies of the foregoing delivered VIA DHL this 20th day of June, 2006

Arizona Corporation Commission Utilities Division – Docket Control 1200 West Washington Street Phoenix, Arizona 85007

COPY of the foregoing delivered VIA U.S. MAIL this 20th day of June, 2006

Goodman Water Company 6340 North Campbell Avenue, Suite 278 Tucson, AZ 85718

Hope I. Bracken

Secretary to Michael F. McNulty

Thomas J. Bourassa CERTIFIED PUBLIC ACCOUNTANT

139 W. Wood Drive Phoenix, Arizona 85029

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2006 JUN 12 A 10: 33

June 10, 2006

Charles Myhlhousen Utilities Division Arizona Corporation Commission 1200 W. Washington Street Phoenix, Arizona 85007-2927 AZ CORP COMMISSION DOCUMENT CONTROL

Re: GoodmanWater Company

Application for rate increase - Docket No. W-02500A-06-0281

Dear Charles,

Attached you will find supplemental information to the Company's above reference application in response to your deficiency letter dated May 26, 2006. The following reflects the Company's response to the list of deficiencies:

Item 1 - Attached are revenue annualization schedules.

Item 2 – The Company does not believe the Commission Rules require prior year financial information with the same year ending dates as the test year. Never-theless, attached you will find supplemental E-2 and E-1 schedules.

Item 3 - The revised H-3 schedules were filed on May 31, 2006 and you should already be in receipt of these schedules.

If you have any questions, or require further assistance, please contact me at 602-246-7150.

Sincerely

Thomas J. Bourassa

Cc: Michael McNulty, Esq. Lewis and Roca, LLP.

James Dorf, Chief, Financial and Regulatory Analysis Section, Utilities Division

Office: 602-246-7150 Fax: 602-246-1040 tjb114@cox.net

Goodman Water Company
Test Year Ended September 30, 2005
Comparative Balance Sheets

Supplemental Exhibit Schedule E-1 Page 1 W-02500A-06-0281

			Test				
			Year		Year		Year
Line			Ended		Ended		Ended
No.		9	9/30/2005	9	9/30/2004	,	9/30/2003
1	_ASSETS	-		•		•	
2	Plant In Service	\$	2,337,731	\$	1,651,783	\$	1,635,567
	Plant in Service	Φ	2,337,731	Ф	1,001,700	Φ	1,000,007
3							
4	Non-Utility Plant				-		-
5	Construction Work in Progress		-		-		: -
6	Less: Accumulated Depreciation		(201,274)		(115,006)		(16,414)
7	Net Plant	\$	2,136,458	\$	1,536,777	\$	1,619,153
8							
9	Debt Reserve Fund	\$	-	\$	-	\$	-
10		•		Ť		•	
11		\$		\$		\$	-
		Ψ_		Ψ_		Ψ	
12	OUDDENT ACCETO						
13	CURRENT ASSETS	_		_			
14	Cash and Equivalents	\$	8,679	\$	95,755	\$	72,664
15	Restricted Cash		-				-
16	Accounts Receivable, Net		16,292		1,833		1,494
17	Unbilled Revenues		-		-		-
18	Materials and Supplies		·		_		-
19	Prepayments				_		
20	Other Current Assets		105,933		80,982		48,065
		\$		\$		•	
21	Total Current Assets	<u> </u>	130,904	Þ	178,569	\$	122,223
22							
23	Deferred Debits	\$	-	\$	-	\$	-
24							
25	Other Investments & Special Funds	\$	-	\$	-	\$	-
26	·						
27	TOTAL ASSETS	\$	2,267,362	\$	1,715,347	\$	1,741,376
	1017127100270		2,201,002	<u> </u>	1,7 10,0 11	<u> </u>	
20							
28					,		
29	· .						
29 30	LIABILITIES AND STOCKHOLDERS' EQUITY						
29 30 31							
29 30	LIABILITIES AND STOCKHOLDERS' EQUITY Common Equity	\$	1,268,596	\$	1,035,650	\$	1,093,481
29 30 31		\$	1,268,596	\$	1,035,650	\$	1,093,481
29 30 31 32	Common Equity		1,268,596		1,035,650		1,093,481
29 30 31 32 33 34		\$	1,268,596	\$	1,035,650	\$	1,093,481
29 30 31 32 33 34 35	Common Equity Long-Term Debt		1,268,596		1,035,650		1,093,481
29 30 31 32 33 34 35 36	Common Equity Long-Term Debt CURRENT LIABILITIES	\$	_	\$	-	\$	
29 30 31 32 33 34 35 36 37	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable		1,268,596 - 9,157		1,035,650		1,093,481
29 30 31 32 33 34 35 36 37 38	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt	\$	_	\$	-	\$	
29 30 31 32 33 34 35 36 37 38 39	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies	\$	_	\$	-	\$	
29 30 31 32 33 34 35 36 37 38	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt	\$	_	\$	-	\$	
29 30 31 32 33 34 35 36 37 38 39	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies	\$	_	\$	-	\$	
29 30 31 32 33 34 35 36 37 38 39 40 41	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current	\$	9,157 - -	\$	1,009 - - -	\$	1,404 - - -
29 30 31 32 33 34 35 36 37 38 39 40 41 42	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest	\$	9,157 - -	\$	1,009 - - -	\$	1,404 - - -
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities	\$	9,157 - - - 3,049 -	\$	- 1,009 - - - 753 -	\$	1,404 - - - 1,295 -
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities	\$	9,157 - -	\$	1,009 - - -	\$	1,404 - - -
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS	\$	9,157 - - 3,049 - 12,207	\$	- 1,009 - - - 753 - - 1,761	\$	1,404 - - 1,295 - - 2,699
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS Customer Meter Deposits, less current	\$	9,157 - - - 3,049 - - 12,207	\$	- 1,009 - - - 753 - - - 1,761	\$	1,404 - - 1,295 - 2,699
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS Customer Meter Deposits, less current Advances in Aid of Construction	\$	9,157 - - 3,049 - 12,207	\$	- 1,009 - - - 753 - - 1,761	\$	1,404 - - 1,295 - - 2,699
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS Customer Meter Deposits, less current Advances in Aid of Construction Accumulated Deferred Income Taxes	\$	9,157 - - - 3,049 - - 12,207	\$	- 1,009 - - - 753 - - - 1,761	\$	1,404 - - 1,295 - 2,699
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS Customer Meter Deposits, less current Advances in Aid of Construction	\$	9,157 - - - 3,049 - - 12,207	\$	- 1,009 - - - 753 - - - 1,761	\$	1,404 - - 1,295 - 2,699
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS Customer Meter Deposits, less current Advances in Aid of Construction Accumulated Deferred Income Taxes	\$	9,157 - - - 3,049 - - 12,207	\$	- 1,009 - - - 753 - - - 1,761	\$	1,404 - - 1,295 - 2,699
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS Customer Meter Deposits, less current Advances in Aid of Construction Accumulated Deferred Income Taxes Contributions In Aid of Construction, Net	\$ \$	9,157 - - 3,049 - 12,207 14,864 971,695 - -	\$	1,009 - - 753 - 1,761 12,307 665,629 - -	\$	1,404 - - 1,295 - 2,699 8,334 636,862 - -
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS Customer Meter Deposits, less current Advances in Aid of Construction Accumulated Deferred Income Taxes Contributions In Aid of Construction, Net Asset Retirement Obligations	\$	9,157 - - - 3,049 - - 12,207	\$	- 1,009 - - - 753 - - - 1,761	\$	1,404 - - 1,295 - 2,699
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS Customer Meter Deposits, less current Advances in Aid of Construction Accumulated Deferred Income Taxes Contributions In Aid of Construction, Net Asset Retirement Obligations Total Deferred Credits	\$ \$	9,157 - - 3,049 - 12,207 14,864 971,695 - - - 986,559	\$ \$ \$	1,009 - - 753 - 1,761 12,307 665,629 - - - 677,935	\$ \$	1,404 - - 1,295 - 2,699 8,334 636,862 - - - 645,196
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS Customer Meter Deposits, less current Advances in Aid of Construction Accumulated Deferred Income Taxes Contributions In Aid of Construction, Net Asset Retirement Obligations	\$ \$	9,157 - - 3,049 - 12,207 14,864 971,695 - -	\$	1,009 - - 753 - 1,761 12,307 665,629 - -	\$	1,404 - - 1,295 - 2,699 8,334 636,862 - -
29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52	Common Equity Long-Term Debt CURRENT LIABILITIES Accounts Payable Current Portion of Long-Term Debt Payables to Associated Companies Customer Meter Deposits, Current Accrued Taxes Accrued Interest Other Current Liabilities Total Current Liabilities DEFERRED CREDITS Customer Meter Deposits, less current Advances in Aid of Construction Accumulated Deferred Income Taxes Contributions In Aid of Construction, Net Asset Retirement Obligations Total Deferred Credits	\$ \$	9,157 - - 3,049 - 12,207 14,864 971,695 - - - 986,559	\$ \$ \$	1,009 - - 753 - 1,761 12,307 665,629 - - - 677,935	\$ \$	1,404 - - 1,295 - 2,699 8,334 636,862 - - - 645,196

Goodman Water Company
Test Year Ended September 30, 2005
Comparative Income Statements

37

Supplemental Exhibit Schedule E-2

Page 1 W-02500A-06-0281

			Test		Prior		Prior
			Year		Year		Year
Line			Ended		Ended		Ended
No.		g	/30/2005	ģ	0/30/2004	q	/30/2003
1 1	Revenues	~	7007 <u>2000</u>		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_	700/2000
2	Metered Water Revenues	\$	162,662	\$	175,710	\$	55,388
3	Unmetered Water Revenues	Ψ.	-	Ψ	-	Ψ	-
4	Other Water Revenues		17,940		15,552		9,342
5	Total Revenues	\$	180,602	\$	191,262	\$	64,730
6	Operating Expenses	Ψ	100,002	Ψ	101,202	Ψ	0-1,1 00
7	Salaries and Wages	\$	64,001	\$	·	\$	
8	Purchased Water	Ψ	-	Ψ		Ψ	
9	Purchased Power		9,442		4,960		890
10	Chemicals		J, T, TZ		-,500		-
11	Repairs and Maintenance		9,868		10,888		2,365
12	Office Supplies and Expense		778		718		(257)
13	Outside Services		104,451		53,964		15,194
14	Water Testing		3,639		1,573		650
15	Rents		5,059		1,575		-
16	Transportation Expenses		_				_
17	Insurance - General Liability		18,253		12,123		11,549
18	Insurance - General Liability Insurance - Health and Life		10,233		12,123		11,548
19	Regulatory Commission Expense - Rate Case		- 55				_
20	Miscellaneous Expense		2,386		1,900		42
21	Depreciation Expense		86,268		59,283		16,414
22	Taxes Other Than Income		5,324		14		10,414
23	Property Taxes		2,070		655		(307)
23 24	Income Tax		2,070		000		(307)
25	IIICOITIE TAX		-		-		-
26	Total Operating Expenses	\$	306,535	\$	146,078	\$	46,540
27	Operating Income	- \$	(125,933)		45,184	\$	18,189
28	Other Income (Expense)	Ψ	(120,900)	Ψ	75, 107	Ψ	10,109
29	Interest Income		1,747		836		459
30	Other income		1,747		030		409
31	Interest Expense		(90)		(76)		-
32	Other Expense		(90)		(45)		-
33	Other Expense		-		(45)		-
34	Total Other Income (Evnence)	•	1,657	\$	715	\$	459
34 35	Total Other Income (Expense) Net Profit (Loss)	\$	(124,276)	\$	45,899	\$	18,648
	Her Linit (F099)	Ψ	(124,210)	φ	40,099	φ	10,040
36							

Goodman Water Company Revenue Annualization, to Year End Customers: 5/8 Inch Meter Test Year Ended September 30, 2005

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	ú,		
	M. C.		
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	5 7 8	1 5 75 7		E to §	ੂ ਰ ਵ	∰ o į			Month of	₹ 5 2		Month of the
Year End Number of Customers	2	₩ 13	₩ & .	413 413	51	1 <u>65</u> 413	Jan 473	••• ••••••••••••••••••••••••••••••••••	<u>reb.</u> 413	<u>March</u> 413	m	April 413
Actual Customers		328		8		*	8		325	8	, mi	367
ncrease in Number of Customers/Bills		85		113		72	73		19	io	L	46
Average Revenue / Present Rates	4	27.27	တ	26.24	69	27.40 \$	25.50	ы	24.13 \$	8	co co	27.93
Revenue Annualization / Present Rates	€9	2,318	တ	2,966	69	1,973 \$	1,861	60		7831		1,285
Increase in Number of Customers		88		2		72	2			16		97
Average Revenue / Proposed Rates	ഗ	72.92	(A)	69,79	W	73,32 \$	67.52	69	63.72 \$	K	m	74.93
Revenue Annualization / Proposed Rates	G)	6,198	69		60	5,279 \$	4,929	en.	L		1	3,447
Additional Gallons to be Produced		27,880		33,900		24,552	24,820	THE STATE OF THE S	21,472	18,462	and the second s	16,882
	2	Vonth	2	donth	£	Month	Month		Ę			2
	To §	_ ;		ъ <u>[</u>	5 3		' 5 }	: ** <u>*</u>	t o :			Year
Year End Number of Customers	ēļ .	# 413	34	413		¥ 413	Aug.	/al	Sept.			
Actual Customers		388		367		339	406		389			
ncrease in Number of Customers/Bills		77		^		4	4.					537
Average Revenue / Present Rates	Ŋ	29.41	w	31.13	60	31.42 \$	29.54	b	29.54			
Revenue Annualization / Present Rates	S	412	မာ	218	s	1 1			1		₩	14,345
				1,000								
ncrease in Number of Customers		*		۲		*			Ŋ.			
Average Revenue / Proposed Rates	s	79.43	ь	84,68	S	85.57 \$	79.84	က	79.84			
Revenue Annualization / Proposed Rates	w	412	(A)	218	8	440 \$	8		1		ŧ9	38,268
Additional Gallons to be Produced		5,586		2,842		5,586	412					182,394

Goodman Water Company
Revenue Annualization to Year End Customers:

1 Inch Meter

Exhibit Schedule Page 5b

Month of Customers Actual Customers Actual Customers Increase in Number of Customers/Bills Average Revenue / Present Rates Revenue Annualization / Present Rates Increase in Number of Customers Revenue Annualization / Proposed Rates Average Revenue / Proposed Rates Average Revenue / Proposed Rates Average Revenue / Proposed Rates Additional Gallons to be Produced Additional Manualization / Proposed Rates Additional Gallons to be Produced Additional Manualization / Proposed Rates							
118 \$ 44 13 148 \$ 2,960 143 \$ 7,265 147,55 147,55 147,55 1465,855		Month Dec	Month of Jan.	Month of Eb.	Month of March	Month of a	Ju rz Selas
## 43 ## 43 ## 443 ## 445,855 ## 445,855	*	4 e	4 0		3 \$		4 &
tes \$ 2,960 43 43 5 167,55 cates \$ 7,205 465,855	t3 33 \$ 61.13	41 \$ 95.97	\$ 45.00	\$ 45.00	\$ 45.00	s 45.00	88
\$ 167.55 (ates \$ 7,205 (ates 465,855 (ates 485,855 (ates 485,855 (ates 485,855 (ates 485))	30 \$ 2,506	3 3,935	\$ 1,845	\$ 1,845	ы	S 1.1	
deles <u>\$ 7,205</u> 465,855	13 35 S 148 63	1 S 250.18	\$ 111.8	\$ 111.96	\$ 14 86 14 86	, ,	88
		8	\$ 4,590	\$ 4,590	\$ 3,023	co e	 =
	300,680	949,854	697	738	513	9	650
o of May	Month of June	Month o o sil	Month of Aug.	Month of Sept		Total Year	
Year End Number of Customers 44 Actual Customers 19	2 P	4 \$	4 %	4.8	ens		
Increase in Number of Customers/Bills 25	5 19	F	2		T A STATE OF THE S	m	325
Average Revenue / Present Rates \$ 45.00	45.00 \$ 45.00	\$ 45.00	\$ 45.00	ı.		AMAZON WATER TO A	The same
Revenue Annualization / Present Rates \$ 1,125	3 8 855	. \$ 495	\$ 450	•		\$ 18,401	ᆲ
Increase in Number of Customers	19	1.00	₽ (;				:
(ates 5 1,125		\$ 495	s -11.30 S 450	, , o (s)	1025	\$ 45.948	43
Additional Gallons to be Produced 825			2,030		- 44 . 4	1,722.972	2